

Message Text

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UNCLAS JAKARTA 15071

C O R R E C T E D C O P Y -- PARA THREE --

E.9. 11652: N/A
TAGS: ABLD, ID
SUBJECT: EXCHANGE PROPERTY TAMAN SUROPATI 2A - 11306

REF: STATE - 244106

1. WEDNESDAY AFTERNOON, WE MET WITH FONOFF, BAPPENAS, AND DEPT. FINANCE REPS TO ESTABLISH FORMULA FOR PAYMENT IN EXCHANGE PROPERTY 11306. WE MADE PROPOSAL FOR PAYMENT BY GOI FOR HOUSES AND LOTS, INFRASTRUCTURE CHARGES, AND JOINT CAPITAL INVESTMENT (ELECTRIC PLANT), PREPAYMENT OF HAK PAKAI FOR TEN YEARS, PREPAYMENT OF COMMUNITY CHARGES FOR TEN YEARS, LEGAL FEES, ALL ADDING UP TO APPROX. DOLS. 325 THOUSAND (APPROX. RUPIAH 135 MILLION) AND FOR CASH PAYMENT OF DOLS. 95 THOUSAND IN ADDITION, TOTALLING DOLS. 420 THOUSAND, PER PARA 2A, REFTEL.

2. GOI PARTY REPLIED THAT THEY ALSO HAD PROPERTY APPRAISED BY "APPROPRIATE AUTHORITIES", WHICH WOULD BE REVIEWED BY GOI STATE APPRAISAL COMMITTEE, AND IN THEIR VIEW, PROPERTY WORTH 100 MILLION RUPIAH (APPROX. US DOLS. 140THOUSAND). DEPT. WILL RECALL THIS ROUGHLY HALF OF APPRAISAL FIGURE FORCAST TO POSSIBLE OCCUPANCY TIME FOR REMPOA HOUSES. GOI CONTINUED THAT THEIR ESTIMATE NOT FAR FROM OURS AS TO COSTS OF OCCUPYING REMPOA HOUSES - BELIEVING IT TO BE ROUGHLY RUPIAH 132 MILLION, PLUS NOTARY FEES AND HAK PAKAI. (FYI: THIS RECONCILES WITH OUR FIGURE OF RUPIAH 135 MILLION, OR DOLS. 325 THOUSAND). HOWEVER, IN SPIRIT OF CONCILIATION, GOI WOULD NOT STICK TO ITS APPRAISED FIGURE OF RUPIAH 100 MILLION, BUT WOULD PAY EXPENSES UP TO RUPIAH 135 MILLION FOR THE EXCHANGE.

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3. COMMENT: IT APPEARS THAT WE ARE IN GENERAL AGREEMENT WITH THE GOI AS TO ACTUAL COSTS OCCUPYING PROPERTY, BUT WHAT IS IN DOUBT IS THE AMOUNT, IF ANY, OF CASH THE GOI WILL PAY. DURING DISCUSSIONS GOI SHOWED EXTREME EAGERNESS TO CULMINATE TRADE BY "TRANSFER OF TITLE" PRIOR TO APRIL 1 (WHICH IS END THEIR FISCAL YEAR). THIS WE REJECTED, SUGGESTING INSTEAD EXCHANGE OF DIPLOMATIC NOTES DISPLAYING INTENT TO TRADE PROPERTIES WHEN REMPOA HOUSES COMPLETED AND INSPECTED WITH MUTUAL EXCHANGE OF DEEDS AT THAT TIME. GOI NOW CONSULTING TO SEE IF THIS ACCEPTABLE TO GOI FISCAL AUTHORITIES IN ORDER OBLIGATE AVAILABLE MONEY, PREVENTING LOSS AT THE END OF THE FISCAL (GOI) YEAR. ADDITIONALLY, WE KNOW THAT TOTAL AMOUNT IN BAPPENAS BUDGET THIS PROJECT RUPIAH 140 MILLION, WHICH IN DANGER OF BEING LOST IF DEAL NOT CULMINATED BY END THEIR FY. CONSEQUENTLY, WE BELIEVE BAPPENAS UNDER GREAT PRESSURE TO MAKE TRADE, AND WE BELIEVE THAT THERE WILL BE MOTION IN THEIR VIEW OF CASH PAYMENT, EVEN IF THEY HAVE TO GO BACK TO GOI TREASURY FOR ADDITIONAL SUBVENTION.

4. ACTION REQUESTED: ON BALANCE, IT SEEMS QUESTION TO BE RESOLVED IS DO WE CONTINUE TO INSIST ON CASH PAYMENT UP TO LEVEL DOLS. 420 THOUSAND, DO WE BARGAIN, OR DO WE TRADE EVEN. WE RECOMMEND THAT WE CONTINUE TO ATTEMPT TO BARGAIN, TO SEE WHAT BEST DEAL IS WE CAN GET FROM GOI.
GALBRAITH

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